Public Works (1890) Department.

RAILWAY BRANCH.

G.O., No. 678 Rys.

DATED 16th May 1890

[Despatch Abstract.]

Salt depôts.—Proceedings, Revenue Department; passing orders on proposals of the Madras Railway Company for the establishment of—at all the stations of the Railway Communicated to the Consulting Engineer for Railways.

[P. W. Ry. 760—26-9-99.]

Indexed.

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P.W.D. No. 4711

B. No. 648 R & 16th May/90

Govt. of {1890} Madras.

REVENUE.

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Issued

Recd. 12-V-90. Encl.

R 19.5.90

G.O., 24th April 1890, No. 293.

B. No. 648 R & 16- May/90.

APRIL.

GOVERNMENT 12 MAY 90 SECRETT. MADRAS.

Government Salt Depots.

Considering that it is not possible at present to give effect to the proposal of the Agent and Manager of the Madras Railway Company for the establishment of — at all stations on the Madras Railway, and that it will be necessary for the Company to lower its rates for the carriage of salt in large quantities in the event of inland depôts for the sale of Government salt being established at any time hereafter.

2 copies taken by Secy's file

Rect 12th May 12.5.90.

4th May Communicated to the Consulting Engineer for Railways with reference to his Endorsement No. 305 —

Rec'd 12.5.90

W for R

To the Consulting Engr for Rys

Dec 29/15

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P 2/11

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G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

READ—the following letter from FRANCIS B. HANNA, Esq., Agent and Manager, Madras Railway Company, to the Consulting Engineer for Railways, dated Madras, 30th July 1889, No. 6492—851 :—

I have the honor to request the attention of Government to the decrease in the salt traffic now conveyed over the Madras Railway, and I quote, for favorable consideration, paragraph 9 of letter No. 817, from the Company's Secretary in London, containing the views of the Board on the subject.

"9. In paragraph 39 of the Traffic Manager's report for the half-year ending 31st December last, when dealing with the salt traffic, Mr. Moss advocates the adoption of a system which, he believes, would increase the sales of this important article two or three fold. He suggests that salt be offered for sale at every station on the line of railway at a fixed rate, to include cost of production, excise duty, and railway charges, *plus* a commission, say, of one anna per bag for godown rent, so that a ryot might easily purchase direct, and comparatively near to his own home, as many bags as he requires, without having recourse to a middleman. The Board heartily approve of this suggestion and request you to place yourself in communication with Government with a view to its being carried out. If it should have the anticipated effect of increasing consumption, the traffic in this article on the Madras Railway would certainly improve."

These views were expressed by the Directors after considering the Traffic Manager's report for the half-year ending 31st December 1888, and paragraphs 38 and 39 embodying statistics of great interest when applied to the decrease in the consumption of salt by the population along the Madras Railway line are quoted below :—

"38. The following table exhibits the salt traffic carried out of Madras in each year for the five years ended December 1888 :—

Districts.	1884.	1885.	1886.	1887.	1888.
	MDS.	MDS.	MDS.	MDS.	MDS.
Between Madras and Conjeeveram	1,958	2,829	2,122	2,281	1,873
Cuddapah	2,473	2,276	1,967	1,967	1,488
Other stations on North-West line	14,246	14,656	14,100	10,753	7,416
Arcot and Vellore	7,615	8,013	8,292	7,568	7,369
Gudiyátam and Vaniyambádi	2,684	2,854	2,964	3,315	3,215
Bangalore	4,782	5,169	4,780	4,858	4,542
Mysore State Railway	1,282	2,093	2,171	1,794	2,198
Other stations on Bangalore Branch	2,052	2,155	2,428	2,230	2,103
Salem	3,285	5,156	3,406	1,701	986
Other stations in Salem district	4,765	5,380	5,054	4,213	3,800
Erode, Tirupúr and Coimbatore	7,721	9,289	6,496	5,489	4,677
Southern Mahratta Railway	130	222	357	2,331	1,735
Malabar	246	177	25	94	7
South Indian Railway	..	84	37	..	8
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Bellary-Kistna State Railway	..	..	..	79	174
Total ..	53,239	60,383	54,214	48,673	41,591

"39. The following table shows the rates at which salt was selling per bag during the month of January 1889, in the towns and villages along the line of railway. The table also shows the approximate cost of producing a bag of salt, the Government excise duty and the profit of the merchant, less cartage and other incidental expenses for selling salt :—

From	To	Merchants' selling rate per bag of 2 maunds.	Government selling rate per bag of 2 maunds, including duty.	Railway charge per bag of 2 maunds.	Total, columns 4 and 5.	Merchants' profit per bag or difference between columns 3 and 6.
1	2	3	4	5	6	7
		RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.
Madras ..	Arcot	6 12 0	5 6 0	0 3 8	5 9 8	1 2 4
	Vellore	7 3 0	5 6 0	0 4 6	5 10 6	1 8 6
	Ambúr	7 6 0	5 6 0	0 6 4	5 12 4	1 9 8
	Vaniyambádi	7 6 0	5 6 0	0 6 10	5 12 10	1 9 2
	Kuppam	7 12 0	5 6 0	0 8 8	5 14 8	1 13 4
	Kolar Road	7 12 0	5 6 0	0 9 10	5 15 10	1 12 2
	Malur	8 2 0	5 6 0	0 10 8	6 0 8	2 1 4
	Bangalore	8 0 0	5 6 0	0 12 2	6 2 2	1 13 10
	Tirupatúr	7 2 0	5 6 0	0 7 6	5 13 6	1 4 6
	Sámalpati	7 4 0	5 6 0	0 7 6	5 13 6	1 6 6
	Mórappúr	7 6 0	5 6 0	0 8 2	5 14 2	1 7 10
	McDonald's Choultry	8 0 0	5 6 0	0 10 10	6 0 10	1 15 2
	Sankaridrug	8 2 0	5 6 0	0 11 4	6 1 4	2 0 8
	Erode	8 0 0	5 6 0	0 10 2	6 0 2	1 15 10
	Perundurai	8 0 0	5 6 0	0 12 0	6 2 0	1 14 0
	Tirupúr	8 0 0	5 6 0	0 12 0	6 2 0	1 14 0
	Salem	7 8 0	5 6 0	0 12 4	6 2 4	1 5 8
	Coimbatore	7 2 0	5 6 0	0 6 8	5 12 8	1 5 4
	Karaimadai	7 8 0	5 6 0	0 7 10	5 13 10	1 10 2
Ponáni-Ferok..	Mettupálaiyam	7 4 0	5 6 0	0 8 0	5 14 0	1 6 0
	Pálghat	7 0 0	5 6 0	0 4 10	5 10 10	1 5 2
	Shoranur	6 14 0	5 6 0	0 3 0	5 9 0	1 5 0
	Calicut	6 10 0	5 6 0	0 0 8	5 6 8	1 3 4
	Tirutani	6 12 0	5 6 0	0 3 11	5 9 11	1 2 1
	Nagari	6 12 0	5 6 0	0 3 5	5 9 5	1 2 7
	Puttur	6 10 0	5 6 0	0 2 11	5 8 11	1 1 1
	Pudi	6 8 0	5 6 0	0 2 7	5 8 7	0 15 5
	Rénigunta	6 4 0	5 6 0	0 1 11	5 7 11	0 12 1
	Kódúr	6 12 0	5 6 0	0 3 7	5 9 7	1 2 5
	Rájampet	6 12 0	5 6 0	0 4 9	5 10 9	1 1 3
Nellore ..	Nandalúr	6 12 0	5 6 0	0 5 1	5 11 1	1 0 11
	Vontimitta	6 14 0	5 6 0	0 5 9	5 11 9	1 2 3
	Cuddapah	6 8 0	5 6 0	0 6 9	5 12 9	0 11 3
	Kamalápuram	6 12 0	5 6 0	0 7 7	5 13 7	0 14 5
	Yerraguntla	6 14 6	5 6 0	0 8 1	5 14 1	0 15 11
	Muddanúr	7 4 0	5 6 0	0 8 9	5 14 9	1 5 3
	Kondápuram	7 4 0	5 6 0	0 9 7	5 15 7	1 4 5
	Tadpatri	7 0 0	5 6 0	0 10 3	6 0 3	0 15 9
	Adóni	7 0 0	5 6 0	0 13 3	6 3 3	0 12 9
	Raichur	7 4 0	5 6 0	0 14 9	6 4 9	0 15 3

One hundred bags of salt are loaded in an 8-ton wagon and the profit to the merchant for a wagon-load of salt would therefore appear to be—

	Lowest profit.	Highest profit.
	RS. A. P.	RS. A. P.
For salt sent from Madras	114 9 4	208 5 4
do. from Ferok	120 13 4	163 8 8
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"I have before advocated that salt should be offered for sale at every station on the line of railway at a fixed rate, to include the cost of production, excise duty, and railway charges, *plus* a commission of, say, one anna per bag for godown rent, and I am certain if some such system were adopted, the sales of salt would increase two or three fold. Salt godowns are already supplied at most of the stations on this railway and if printed tariffs were posted at each railway station and signed by the Government officer showing the selling price of salt at the railway godowns it would be easy for a ryot to purchase one or one hundred bags of salt as he might require.

"My experience is that the upcountry native merchants hold their supplies of salt until they put up prices to an exorbitant rate, the ryots and the villagers in the meantime having to subsist without the commodity. The production of earth-salt being practically abolished, cattle do not obtain the nourishment they require, because the owners of cattle cannot pay the intermediate men the prices they demand for sea-salt. The salt trade from Madras is practically at the present time a monopoly in the hands of a native ring, and I am told that, although salt is sold from the Government depôt at Rs. 5-6-0 a bag, the profit demanded by the intermediate seller at Madras, before the salt leaves the Government depôt, is not less than 6 annas a bag, equivalent to a profit of Rs. 37-8-0 for a wagon of salt, for executing an order to an upcountry merchant, the same merchant being unfortunately prevented from purchasing his salt direct."

The Company's Traffic Manager has given this question very careful attention, and should Government decide to adopt the system he advocates, and which meets with the hearty sympathy of the Board, there can be no doubt that, whether it has the desired effect on the Company's revenue or not, it appears to be calculated to decrease the price paid by the poorer classes for that article so necessary for the preservation of health and also to remove the causes which frequently compel the irregularity of their supplies.

No. 305.

Submitted for the consideration and orders of Government.

(Signed) SIDNEY SMITH, Major, R.E.,
for Consulting Engineer for Railways.

No. 664 D.

Transferred to the Revenue Department for favor of consideration and disposal.

OOTACAMUND,
12th August 1889.

(Signed) C. J. SMITH, Colonel, R.E.,
Joint Secy. to Govt., P.W.D., Railway Branch.

ORDER—dated 24th April 1890, No. 293, Revenue.

Separate Revenue, No. 62.

Salt.

In the letter read above, the Agent and Manager, Madras Railway Company, submits, for the consideration of Government, a proposal of Mr. Moss, the Traffic Manager, for the establishment by Government of depôts at all the stations on the Madras Railway where salt could be offered for sale to the public at fixed rates, such rates to be made up of cost of production, excise duty, railway charges and a small commission for godown rent. The proposal is supported by two tabular statements of figures from which it is argued that the supply of salt to the districts served by the railway is insufficient in quantity and exorbitant in price and that by the establishment of these depôts the ryots would be enabled to purchase direct from Government and comparatively near to their homes, as much salt as they require without having to pay the profits of middlemen who, by combined action, are now able to put up prices to an exorbitant rate.

2. The first of the two statements referred to above does indeed show that there has been a considerable falling off in recent years in the quantities of salt carried out of Madras by the Madras Railway, the decrease being most marked in the case of stations in Salem, Coimbatore and the Ceded Districts, which took in 1888 only about half the quantities they received in 1885. But it would be erroneous to assume from this that there has been a corresponding diminution in the consumption of salt among the population of these districts. The marginal statement, compiled from the Departmental administration reports, shows the quantities of salt available for consumption in each of the above districts during the last four years and it does not appear from it that there has been any such diminution in consumption as is assumed by the Agent and Manager. A detailed examination of the sources from which these districts have drawn their supplies of salt

Quantity available for consumption in maunds.

Years.	Salem.	Coimbatore.	Cuddapah.	Bellary-Anantapur.
1885-86	2,46,701	3,42,072	1,51,839	2,70,776
1886-87	2,92,456	3,18,548	1,47,083	2,51,376
1887-88	2,89,943	3,34,321	1,58,016	2,53,084
1888-89	2,66,517	3,35,351	1,43,861	2,17,240

will make it clear that the falling off in the traffic from Madras is really due to the displacement of Madras salt by salt from the West Coast and the Nellore factories and that it is fully made up by increased imports from these places.

3. In regard to the second of the statements, it is observed that the prices quoted are those ruling in the towns and villages along the line of railway, *i.e.*, the retail bazaar prices, while the calculation of profit in column 5 is based on the prime cost of salt to the wholesale merchant. This prime cost again is underrated; the price of salt per maund *ex*-duty has been taken at 3 annas. The average price at the Nellore factories last year was Annas 3-6·7; and the prime cost of Bombay and Goa salt on the West Coast was Annas 10-1·5 and Annas 15-2·3, respectively, while the average prices realized at the factories which supply Madras is more than 5 annas. No allowance, moreover, has been made for wastage, a very heavy item; nor for agency charges, middlemen's profits or the cost of carriage to and from the station; all of which have to be taken into consideration in fixing the retail price. There is also reason to doubt the correctness of the retail prices given in the statement; it would appear from the Board's fortnightly return of retail prices prevailing at the head-quarter stations of districts, that the prices of salt at Salem, Coimbatore and Cuddapah on the 15th January 1889 were about Rs. 6-9-0, Rs. 5-14-0 and Rs. 6-6-0 per bag as against Rs. 7-8-0, Rs. 7-2-0 and Rs. 6-8-0 quoted by the Traffic Manager. But even assuming the correctness of his prices, it is evident that the profits of merchants must be considerably less than is made out in the statement.

4. There is thus no reason to suppose that the supply of salt to the districts served by the Madras Railway is either insufficient in quantity or exorbitant in price, the only conditions which would justify interference on the part of the State, but if such were the case, Government has now no salt to sell either at Madras or on the West Coast, and the stocks that it does possess are mostly stored in out-of-the-way places beyond the reach of railway communication.

No action, therefore, is possible at present. If, however, it should at any time hereafter be determined to establish inland depôts for the sale of Government salt, it will be necessary for the Madras Railway Company to consider the advisability of lowering considerably its rates for the carriage of salt in large quantities.

(True Extract.)

Secretary to Government.

To the Board of Revenue (Separate Revenue).
,, the Public Works Department (Railway Branch).

Exd. P. L. Pereira.

50 Copies.

B. No. 678 R. 16th May/90

Govt. of {1890} Madras.

REVENUE.

Issued

Recd. 12-V-90. Encl.

R 19-5-90

G.O., 24th April 1890, No. 293.

B. No. 678 R. 16th May/90.

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2 copies taken on only file

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W for R

B. No. 678 R. 16th May/90

Communicated to the Consulting Engineer for Railways with reference to his endorsement No. 305.

12.5.90

W for R

To the Consulting Engr for Rys

Dec 29/5

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(Signed) C. J. SMITH, Colonel, R.E.,
Joint Secy. to Govt., P.W.D., Railway Branch.

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Salt.

In the letter read above, the Agent and Manager, Madras Railway Company, submits, for the consideration of Government, a proposal of Mr. Moss, the Traffic Manager, for the establishment by Government of depôts at all the stations on the Madras Railway where salt could be offered for sale to the public at fixed rates, such rates to be made up of cost of production, excise duty, railway charges and a small commission for godown rent. The proposal is supported by two tabular statements of figures from which it is argued that the supply of salt to the districts served by the railway is insufficient in quantity and exorbitant in price and that by the establishment of these depôts the ryots would be enabled to purchase direct from Government and comparatively near to their homes, as much salt as they require without having to pay the profits of middlemen who, by combined action, are now able to put up prices to an exorbitant rate.

2. The first of the two statements referred to above does indeed show that there has been a considerable falling off in recent years in the quantities of salt carried out of Madras by the Madras Railway, the decrease being most marked in the case of stations in Salem, Coimbatore and the Ceded Districts, which took in 1888 only about half the quantities they received in 1885. But it would be erroneous to assume from this that there has been a corresponding diminution in the consumption of salt among the population of these districts. The marginal statement, compiled from the Departmental administration reports, shows the quantities of salt available for consumption in each of the above districts during the last four years and it does not appear from it that there has been any such diminution in consumption as is assumed by the Agent and Manager. A detailed examination of the sources from which these districts have drawn their supplies of salt

Quantity available for consumption in maunds.

Years.	Salem.	Coimbatore.	Cuddapah.	Bellary-Anantapur.
1885-86	2,46,701	3,42,072	1,51,839	2,70,776
1886-87	2,92,456	3,18,548	1,47,083	2,51,376
1887-88	2,89,943	3,34,321	1,58,016	2,53,084
1888-89	2,66,517	3,35,351	1,43,861	2,17,240

will make it clear that the falling off in the traffic from Madras is really due to the displacement of Madras salt by salt from the West Coast and the Nellore factories and that it is fully made up by increased imports from these places.

3. In regard to the second of the statements, it is observed that the prices quoted are those ruling in the towns and villages along the line of railway, *i.e.*, the retail bazaar prices, while the calculation of profit in column 5 is based on the prime cost of salt to the wholesale merchant. This prime cost again is underrated; the price of salt per maund *ex*-duty has been taken at 3 annas. The average price at the Nellore factories last year was Annas 3-6·7; and the prime cost of Bombay and Goa salt on the West Coast was Annas 10-1·5 and Annas 15-2·3, respectively, while the average prices realized at the factories which supply Madras is more than 5 annas. No allowance, moreover, has been made for wastage, a very heavy item; nor for agency charges, middlemen's profits or the cost of carriage to and from the station; all of which have to be taken into consideration in fixing the retail price. There is also reason to doubt the correctness of the retail prices given in the statement; it would appear from the Board's fortnightly return of retail prices prevailing at the head-quarter stations of districts, that the prices of salt at Salem, Coimbatore and Cuddapah on the 15th January 1889 were about Rs. 6-9-0, Rs. 5-14-0 and Rs. 6-6-0 per bag as against Rs. 7-8-0, Rs. 7-2-0 and Rs. 6-8-0 quoted by the Traffic Manager. But even assuming the correctness of his prices, it is evident that the profits of merchants must be considerably less than is made out in the statement.

4. There is thus no reason to suppose that the supply of salt to the districts served by the Madras Railway is either insufficient in quantity or exorbitant in price, the only conditions which would justify interference on the part of the State, but if such were the case, Government has now no salt to sell either at Madras or on the West Coast, and the stocks that it does possess are mostly stored in out-of-the-way places beyond the reach of railway communication.

No action, therefore, is possible at present. If, however, it should at any time hereafter be determined to establish inland depôts for the sale of Government salt, it will be necessary for the Madras Railway Company to consider the advisability of lowering considerably its rates for the carriage of salt in large quantities.

(True Extract.)

(Signed) C. A. GALTON,
Secretary to Government.

To the Board of Revenue (Separate Revenue).
,, the Public Works Department (Railway Branch).

Exd. P. L. Pereira.

50 Copies.

Govt. of {1890} Madras.

REVENUE.

Issued

Recd. Encl.

G.O., 24th April 1890, No. 293.

APRIL.

Government Salt Depots.

Considering that it is not possible at present to give effect to the proposal of the Agent and Manager of the Madras Railway Company for the establishment of — at all stations on the Madras Railway, and that it will be necessary for the Company to lower its rates for the carriage of salt in large quantities in the event of inland depôts for the sale of Government salt being established at any time hereafter.

To

The Commrs of Rys.

No. 678 R dy 16th May 1890.

Comd to the Commrs for Rys: with reference this endorsement dd 305-

Sd/ R. R. E. D.B.

Dr for R.